



Federal Deposit Insurance Corporation
550 17th Street NW, Washington, D.C. 20429-9990

Financial Institution Letter
FIL-56-2020
May 12, 2020

Proposed Rulemaking to Mitigate the Deposit Insurance Assessment Effects of Participation in the Paycheck Protection Program (PPP), the PPP Lending Facility, and the Money Market Mutual Fund Liquidity Facility

Summary: On May 12, 2020, the FDIC Board of Directors authorized publication of a notice of proposed rulemaking that would mitigate the deposit insurance assessment effects of participating in the Paycheck Protection Program (PPP) established by the U.S. Small Business Administration and the Paycheck Protection Program Lending Facility (PPPLF) and Money Market Mutual Fund Liquidity Facility (MMLF) established by the Board of Governors of the Federal Reserve System. To provide certainty to insured depository institutions (IDIs) regarding the assessment effects of participating in these programs, the FDIC is proposing an effective date by June 30, 2020, and an application date of April 1, 2020, which would ensure that the changes are applied to assessments starting in the second quarter of 2020. Comments on the proposed rule will be accepted for seven days after publication in the *Federal Register*.

Statement of Applicability: This proposal is applicable to all FDIC-insured institutions.

Distribution:

All FDIC-insured institutions

Suggested Routing:

Chief Executive Officer
Chief Financial Officer
Call Report Preparer

Related Topics:

Assessments, 12 CFR Part 327

Attachment:

[RIN 3064-AF53, Assessments, Mitigating the Deposit Insurance Assessment Effect of Participation in the Paycheck Protection Program \(PPP\), the PPP Lending Facility, and the Money Market Mutual Fund Liquidity Facility](#)

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Highlights:

- Under the proposal, the FDIC would mitigate the deposit insurance assessment effects of participating in the PPP, PPPLF, and MMLF.
- Absent a change to the assessment rules, an insured depository institution that participates in the PPP, PPPLF, or MMLF programs could be subject to increased deposit insurance assessments.
- The proposed rule would: 1) remove the effect of participation in the PPP and PPPLF on various risk measures used to calculate an IDI's assessment rate, 2) remove the effect of participation in the PPPLF and MMLF programs on certain adjustments to an IDI's assessment rate, 3) provide an offset to an IDI's assessment for the increase to its assessment base attributable to participation in the MMLF and PPPLF, and 4) remove the effect of participation in the PPPLF and MMLF programs when classifying IDIs as small, large, or highly complex for assessment purposes.
- To provide certainty to IDIs regarding the assessment effects of participating in these programs, the FDIC is proposing an effective date by June 30, 2020, and an application date of April 1, 2020, which would ensure that the changes are applied to assessments starting in the second quarter of 2020.
- Comments on the proposed rule will be accepted for seven days after publication in the *Federal Register*.